



For Immediate Release
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**Floor Statement of Senator Max Baucus (D-Mont.)
Regarding the CHIP Reauthorization Act**

Mr. President, nearly every American school child knows the story told in Parson Weems' 1800 biography *The Life of Washington*. According to Weems, young George used his new hatchet to chop down his father's cherry tree. His father asked George what had happened. George was tempted to make up a story. But then, in Weems' famous account: young George "bravely cried out, 'I cannot tell a lie. I did cut it with my hatchet.'"

Mr. President, I wish that all public servants kept the same standard of truthfulness as our first President. Regrettably, many of today's public servants appear all too tempted to make up a story. Many are failing to tell the truth about CHIP.

Let me set the record straight.

President Bush has said that our bill "would result in taking a program meant to help poor children and turning it into one that covers children in households with incomes of up to \$83,000 a year." But that is just not true.

There is nothing in the CHIP bill that would change current law and allow states to cover children in families making \$83,000 a year.

On income eligibility levels, the bill maintains current law. And current law limits CHIP to the higher of 200 percent of poverty or 50 percent above the state's prior Medicaid levels. Any state that wants to increase eligibility for CHIP above those levels has to get approval from the Secretary of Health and Human Services.

That's current law. And that's the law under the CHIP bill before us today.

Our bill actually includes new policies to discourage states from increasing eligibility for kids above 300 percent of poverty. Under our bill, states that increase eligibility above 300 percent would get the lower Medicaid Federal match payment for higher-income children. Our bill would decrease the incentive to cover higher-income children, relative to current law.

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Our bill also includes new policies requiring any states covering children above 300 percent to meet a target enrollment level for covering their lowest-income children below 200 percent of poverty. States that don't meet the target by 2010 risk losing all Federal reimbursement for their higher-income children.

Our bill will benefit low-income children. The Urban Institute found that 70 to 80 percent of children helped by our bill are low-income children with family incomes below 200 percent of poverty. Our bill is targeted to help exactly the low-income children for whom we created the CHIP program. Our bill continues that mission for the next five years.

The administration has also said that our bill would move too many children from private insurance into CHIP. Once again, that is just not true.

According to Congressional Budget Office Director Peter Orszag, there is always some "crowd out," or substitution of public coverage for private coverage, whenever we create a new government subsidy to help people.

A few years ago, when we considered the Medicare prescription drug bill, CBO said that about two-thirds of those getting the new government help would already have private coverage. Two-thirds. I don't remember the administration complaining about "crowd-out" then.

When we enacted CHIP 10 years ago, CBO projected that there would be about a 40 percent crowd-out rate. Our bill today has a lower crowd out rate — about 34 percent.

CBO Director Orszag said that this year's Senate bill — which is very similar to the final bill we are considering — was "pretty much as efficient as you can possibly get per new dollar spent to get a reduction of roughly \$4 million uninsured children."

The President has also said that he has a better plan to help uninsured children. If he does, he is keeping it under wraps.

The President has talked about both his plan to reauthorize CHIP and his plan to promote private coverage through tax credits. But independent analyses of both of these plans suggest that under them, American children would fare far worse.

For CHIP, the President is proposing a \$5 billion increase in Federal funds over the next five years. President Bush says that will be enough. CBO disagrees. CBO's analysis of the President's plans indicates that it would not even maintain coverage for children enrolled in CHIP today. CBO projects that under the President's plan, 1.4 million children would lose coverage.

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The President's tax credit plan does not do much better. CBO has estimated that only about 500,000 children would gain new coverage under that plan. When you take CBO's estimates for these plans together, over five years, there would still be a net loss of coverage for a million children.

Causing a million children to lose health insurance is not a better plan to help uninsured children.

I am not the only one who thinks that what the administration is saying is not true. Go to the Annenberg Political Fact Check, a nonprofit media accuracy organization funded by the Annenberg Political Fund. Go to their website: www.factcheck.org.

At the end of the day, our current President named George has a simple choice. He can bring health coverage to 3.8 million low-income uninsured children who have no insurance today. Or he can cut it with his hatchet, cutting coverage for at least a million children who would otherwise get the doctor's visits and medicines they need through CHIP.

The right choice is to stand bravely with America's children.

I urge my Colleagues to join me in making the right choice: Support the CHIP bill. Call on the President to sign this important legislation.

Support the CHIP bill, because the truth is, our bill focuses benefits on low-income children. The truth is, in terms of preserving private coverage, our bill is "pretty much as efficient as you can possibly get." And the truth is, the administration does not have a credible alternative.

I urge my Colleagues to join me in making the right choice, because, in the end, this bill is about helping those who can least afford health insurance now. This bill is about helping America's parents, who truly want the best for their children. And as much as some may be tempted to make up a story to say it's about something else, the truth is, this bill is about kids.

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